



FRONTIER COMMUNICATIONS TESTIMONY ON
Amendments to the Michigan Telecommunications Act
Senate Bill 636

Thank you Chairman Nofs and the members of the Energy and Technology Committee for the opportunity to talk with you in regards to the proposed amendments to the Michigan Telecommunications Act. Frontier Communications supports the proposed amendments to the Michigan Telecommunications Act with Senate Bill 636.

This group of statute changes moves public policy in Michigan forward to encourage increased investment in advanced services for residents and businesses. Generally, Senate Bill 636 streamlines and simplifies a number of administrative processes greatly reducing the cost of government overburden on providers of advanced services.

Frontier would like to thank the members of the industry, MPSC staff, and Greg Moore for the collaborative process to bring the legislation forward.

Thank you again for the opportunity to talk with you and I would be happy to take any questions.

A handwritten signature in cursive script, appearing to read "Robert E. Stewart".

State Director – Government and External Affairs
Frontier Communications



Thank you to Chairman Nofs and the committee members for an opportunity to talk with you today. My name is Bob Pero and I am the SVP/GM of Frontier's Michigan market. As with AT&T, Frontier has experienced significant loss of voice access lines over the last decade declining from 1.2 M access to just over 300,000 today. When I joined Frontier with the acquisition of the Verizon exchanges in 2010, broadband was at 38% available measured at 764K down (based in addresses served). After over \$150 M investment over the last three years, we are at over 85% measured at 1MG up/4 MG down. We have also built fiber backhaul to hundreds of cell towers throughout Michigan to support 4G LTE in partnerships with Sprint, AT&T, Verizon, and others.

In terms of corporate allocation of capital, the politics and policies must be correct to encourage continued investment. As Frontier evaluates continued investment, Michigan's investment environment now competes with Indiana, Wisconsin, North Carolina, etc. where deregulation has made strides in the last couple of years. I want Michigan to be the friendliest state in the Nation for telecommunications providers to do business.

Senate 636 moves Michigan again to the forefront of a business friendly state for telecommunications providers and Frontier supports to bill.

Robert Pero
SVP/GM – Michigan Operations



Q: "Cutting the cord" has been used in AARP testimony to describe the modifications to Sec 313 and MITA believes access the UNEs is critical. Can these be reconciled?

A: These are over 200 active providers of basic local exchange service licensed in Michigan not including wireless, VOIP, and emerging technology providers. Most of these providers are licensed in all Frontier exchanges across Michigan. Frontier has over 100 interconnection agreements with these licensed providers to provide UNEs for their use to serve residential and business customers. Frontier complies with all aspects of the Federal 251/252 obligations including requirements for transiting traffic for cable providers as mentioned by the cable association. The potential market represented by AARP is a premium consumer market representing customer who tend to pay the bills and tend to be loyal to their provider and not switch providers constantly. This market would be attractive to many different providers and AARP is already packaging through its affiliated organizations telecommunications services. Let markets work.

Q: Has discontinuance of service happened?

A: Not under Sec 313. Since 2009, there have been nearly 100 providers which have surrendered or had their license revoked by the MPSC. Today, little or no public notice exists for these actions. Quite frankly, it is easier to allow the MPSC to revoke an operating license than file for discontinuance of service.

Q: It has been characterized that Frontier should not receive monies from the ARM. Can you respond?

A: The original ARM legislation was passed before Frontier acquired the rural Verizon properties and specifically supports our operations in Hillsdale county. As you can see by Mr. Pero's testimony Frontier reinvests to monies in Michigan received from the ARM at about a 50x coverage ratio; that is for each dollar received from the ARM, Frontier invest \$50 annually. If the ARM were to be change to support unserved and underserved areas for broadband expansion similar to the Connect America Fund, Frontier would support.